City of Lafayette Staff Report

For:	Lafayette City Council
By:	Steven Falk, Lafayette City Manager
Date Written:	April 22, 2008
Meeting Date:	April 28, 2008
Subject:	**Feasibility Assessment, Pre-Electoral Planning, and Public Information Services for a Revenue Measure**

Introduction

The City Council, at its meeting on April 14, discussed the City's need for additional funding for road repairs, police services, and other municipal services. The Council discussed the prospect of placing a general funding measure on the November, 2008 ballot and directed staff to return to Council with a proposal to explore the feasibility of such a measure. Attached to this staff report is a proposal from the *Tramutola* firm to provide a feasibility assessment, pre-electoral planning, and public information services.

Background

The City of Lafayette failed in four recent attempts to pass specific tax measures requiring a 2/3 majority vote, and these funding shortfalls thus persist:

- Despite its freeway location, two recent homicides, and dozens of methamphetamine arrests, Lafayette continues to provide the lowest per-capita police staffing in Contra Costa County, with just two officers on duty during some shifts. A variety of analytic approaches suggest that, in order to match industry and local standards for police staffing, Lafayette needs to add five to eight more officers to its workforce. The incremental annual cost for enhanced police services ranges from $1.0M and $1.6M.

- Despite spending more than $50M over the last decade on road repairs, seventeen percent of Lafayette's public roads are still considered to be in a poor or failed condition. There are 114 failed streets in the City; an estimated 4,000 residents live on failed roads in Lafayette; and the City's road backlog over the next decade is currently $34M, of which an estimated $14M is unfunded. The incremental annual revenue needed to raise the entire street network to an acceptable level is estimated to be $1.5M.

- The City's downtown property owners last year rejected a local assessment district that would fund downtown maintenance, and the new Downtown Strategic Plan will, with great likelihood, call for additional landscaping and new medians along Mt. Diablo

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Boulevard. Staff estimates, conservatively, that annual unfunded downtown maintenance costs could approach or exceed $500,000.

There are other unfunded municipal needs as well, including enhanced library hours and services; senior transportation and recreation services; recreational and open space opportunities; and preservation of cultural assets in the downtown.

All told, the City could benefit from the infusion of $3M to $5M in new revenues annually.

Given that the City's needs are broad and not specific, the Lafayette City Council should consider placing a general, rather than specific, tax measure on the ballot for voter consideration. One major advantage of a general tax is that it requires a simple majority rather than the onerous 2/3 requirement of specific taxes. According to State law, however, general tax measures cannot be "property based" (which eliminates *ad valorem* and parcel taxes), and they must be "consolidated with a regularly scheduled general election for members of the governing body of the local government, except in cases of emergency declared by a unanimous vote of the governing body."

The features and relative advantages and disadvantages of general vs. specific taxes are summarized in Table A, below.

Table A

Special Purpose vs. General Purpose Taxes in California

Special Purpose	General Purpose
• **Requires 2/3rds (66.7%) majority to pass**	• **Requires 50% +1 to pass**
• Expenditure Plan must be developed	• No Expenditure Plan must be developed
• Money is allocated for specific projects/local benefits as outlined in the Expenditure Plan. Examples: Public Safety Sales Tax; Library measure	• Money goes into the General Fund and is, therefore, more flexible in its final allocation. Examples: TOT, UUT's, Sales Tax, Business License
• Fiscal accountability provisions can be built into the measure	• Limited fiscal accountability provisions
• Election Timing: no restrictions	• Election Timing: Can only be put on the ballot during regularly scheduled Municipal Elections
• Defined Constituency typically plays a lead role in a partisan campaign, serving as an additional source of information in addition to what the city provides	• Typically, because of its "general" nature, no Defined Constituency steps forward to advocate during a partisan campaign, putting more of an informational burden on the City from start to finish

The effect of the restrictions on general purpose tax measures is to require that they be considered during an even-year November general election, and to limit tax options to sales taxes, utility user's taxes, and business license fees[1]. Table B, below, describes the capability of each device to deliver revenue.

Table B

Tax Options and Estimated Annual Proceeds

A sales tax increment of ½% would net. . .	$1,300,000	. . .in new annual revenues.
A sales tax increment of **1%** would net. . .	$2,600,000	. . .in new annual revenues.
A utility user's tax of **5%** would net an estimated. . .	$2,250,000	. . .in new annual revenues.
A utility user's tax of **10%** would net an estimated. . .	$4,500,000	. . .in new annual revenues.
An average business license tax of **$250** would net an estimated[2]. . .	$350,000	. . .in new annual revenues.
An average business license tax of **$500** would net an estimated. . .	$850,000	. . .in new annual revenues.
An average business license tax of **$1,000** would net an estimated. . .	$1,850,000	. . .in new annual revenues.

To gauge Lafayette taxpayers' willingness to pay for enhanced services, staff and a Council subcommittee (Anderson; Tatzin) solicited the attached proposal from Tramutola / Godbe Research. The firms were selected because they assisted the Lafayette School District in its successful effort to pass a parcel tax last November. In fact, Tramutola has assisted the local school district on four consecutive successful tax measures, and has been involved in the planning and execution of more than 200 other successful measures.

The Tramutola / Godbe proposal is attached for Council review.

[1] Transient Occupancy Taxes might also be considered, but Lafayette voters recently approved an increase in the TOT to fund improvements to the intersection at the Lafayette Park Hotel. The new 9.5% rate is at or near the top for all local jurisdictions.

[2] The Business License Tax calculations presume 2,000 businesses and $150,000 in annual administration costs.

Fiscal Impact

The estimated cost for the feasibility assessment, pre-electoral planning, and public information services is $71,000. These costs would be funded by the City's General Fund.

Recommendation

Staff recommends that the City Council direct the City Manager to engage Tramutola for professional services related to a feasibility assessment, pre-electoral planning, and public information services for a November tax election.

If Council adopts this recommendation, it must also reallocate $71,000 from the General Fund reserve to program 11-550-861.

TRAMUTOLA

THE DISCIPLINE OF WINNING

April 18, 2008

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Re: Feasibility Assessment, Pre-Electoral Planning and Public Information Services for a Revenue Measure

Dear Steve:

Thank you for meeting with us and discussing the City of Lafayette's revenue needs and the options you are exploring to address the City's funding challenges. We are eager to assist the City in assessing the feasibility of various revenue enhancements, conducting opinion research, providing strategic recommendations and coordinating a public information program in advance of a revenue measure election.

As you'll see in this proposal, TRAMUTOLA and Godbe research are well qualified to help you achieve your electoral goals. We have an extensive and proven track record working in the most challenging electoral environments and we are proud to have cities and towns from all over the State as our clients.

For the benefit of you and your colleagues who may not be familiar with TRAMUTOLA and Godbe Research, following is relevant background information on our firms as well as details of our recommended approach.

About TRAMUTOLA

TRAMUTOLA specializes in creating political success at the *local community level*. For over 22 years we have helped our clients build lasting community support for a variety of public causes and benefits. Our clients are public agencies — cities, counties, parks and recreation districts, public school and community college districts, healthcare and hospital districts and other public entities — seeking specialized advice on strategic planning and public information programs for local bond and tax measures.

TRAMUTOLA has helped our clients plan for and win 216 bond and tax elections (most requiring 66.7% voter approval) that have produced over **$22 billion** in new revenue for community services and facilities. As a result, we have a keen appreciation for the complexity and difficulty of achieving super-majority levels of support from voters for a tax increase. Our approach — a blend of sophisticated research, compelling communications, and effective political strategy — has proven to deliver winning results.

Clients throughout California choose TRAMUTOLA to guide them — for the following reasons:

- **Relevant experience.** TRAMUTOLA has unmatched experience helping public agencies prepare for and pass revenue measures. In Lafayette, we assisted the **Lafayette School District** to pass a parcel tax assessment **($313 per parcel/7 years – 73.1% approval)** just last November. This measure – our fourth consecutive successful measure for Lafayette School District – renewed and more than doubled their existing parcel tax assessment. We are comfortable working in any type of community: urban, suburban or rural; liberal or conservative; homogenous or diverse. We are adept at navigating complex scenarios where multiple tax measures appear on the same ballot, and where organized opposition exists.

TRAMUTOLA SUCCESSFUL TAX MEASURES FOR CITIES AND COUNTIES			
Client	**Tax Measure Type**	**Tax Rate/Amount**	**% Voter Approval**
City of Benicia	Utility Users Tax	4% to 3.5%	70.7%
City of Colton	Utility Users Tax	2% increase	53.8%
City of Los Altos	Utility Users Tax	3.5% to 3.2%	84.3%
City of Richmond	Utility Users Tax	2% increase	54.8%
City of Ventura	Utility Users Tax	5% to 4.5%	63.5%
City of El Cajon (Police & Fire)	Sales Tax	½ cent	68.5%
City of San Rafael (Police & Fire)	Sales Tax	½ cent	69.4%
Alameda County (Healthcare)	Sales Tax	½ cent	71.1%
Marin County (Transportation)	Sales Tax	½ cent	70.8%
Santa Cruz County (Library)	Sales Tax	¼ cent	70.2%
Alameda Contra Costa Transit District	Parcel Tax	$24/5 years	68.0%
Alameda Contra Costa Transit District	Parcel Tax	$48/10years	71.9%
City of Piedmont	Parcel Tax	$319/5 years	79.6%
City of San Rafael (Paramedic)	Parcel Tax	$85/4 years	77.6%
City of Oakland (Crime Prevention)	Parcel Tax	$88/10years	69.4%
City of Oakland (Library)	Parcel Tax	$36/15 years	73.5%
City of Oakland (Library)	Parcel Tax	$75/15 years	77.2%
Santa Clara County (Library)	Parcel Tax	$34/10 years	72.0%
City of Oakland (Wildfire Prevention)	Assessment	$68/10 years	74.3%
City of Alameda (Library)	GO Bond	$10,600,000	74.8%
City of Sausalito (Police & Fire)	GO Bond	$15,500,000	81.5%
City of Oakland (Clean Water)	GO Bond	$198,250,000	80.2%
City of Oakland (Library)	GO Bond	$45,000,000	77.6%
City of Oakland (Museum and Zoo)	GO Bond	$59,000,000	75.1%

- **Grassroots Experience:** TRAMUTOLA is known nationally for our successful approach to grassroots organizing. We believe that the key to building community support is spreading localized messages on a person-to-person level. This requires building an army of trained and informed people who are committed to helping get your message out, answer questions, and mobilize your supporters to vote. Our grassroots approach is especially advantageous in smaller communities where person-to-person communications are needed to build support for a measure, and where the top-down/direct mail focused approaches that other firms use will typically backfire.

- **Exceptional Public Information Strategy and Materials:** No matter what the assignment, we do not allow ourselves to be limited by convention or tradition. Our goal is to provide information to the public in clear, simple and compelling ways. We do not over-design but rather we produce effective communications appropriate for *your* community and *your* proposal. We focus on communicating your needs in an appropriate way. And, as noted above, slick direct mail can often backfire – especially in smaller communities.

- **Candor:** Our job is to provide ***you*** with candid advice. We are honest and direct. We will tell you what it will take to win.

- **Competent Team:** Every client is assigned a skilled team of professionals with extensive backgrounds in public and stakeholder communications to help you effectively prepare for and execute the public communications components of your ballot measure. Having more than one member of our team service your needs insures responsiveness, continuity and quality.

- **Work Ethic**: Our success over 22 years has been achieved because we work hard for our clients and we strive to be 100% accessible. We demand the best from ourselves and from all the people involved in a client project.

- **Client Satisfaction**: TRAMUTOLA is committed to helping our clients achieve their goals through a satisfying and user-friendly process. TRAMUTOLA team members are accessible and responsive while helping clients maintain focus on our collective goals. Over 80% of our work comes from either repeat clients or referrals from satisfied clients.

About Godbe Research

Godbe Research, a California Department of Transportation (Caltrans) certified WBE and state registered small business, was founded in January of 1990. The firm is a full-service public opinion research agency that offers its clients extensive experience in public opinion research for ballot measure/assessment feasibility studies, community needs assessments, public education and outreach strategies, strategic and general planning efforts, and public sector marketing efforts. Our offices in Half Moon Bay (San Francisco/Northern California), Newport Beach (Southern California), Bellevue (Seattle), and Newtown (Philadelphia) house a staff of highly trained and experienced researchers (all Master's or Ph.D. level), and a commitment to providing superior quality research and client services.

The firm has been employed by public and private sector clients, throughout the United States and internationally. The combined expertise of the Godbe Research team spans over 50 years in the field of public opinion research. The Godbe Research Team consists of the President (Bryan Godbe), Director of Research, Director of Business Development and Project Scoping, and a staff of Senior Research Managers, Senior Statistical Analysts, Research Analysts, and Research Associates. Each team member has the education and experience commensurate with their position at Godbe Research, and the team regularly teaches and speaks in the field of survey research. In short, you will not find a more experienced and educated team in public opinion research.

Since 1990, Godbe Research has conducted more than 1,000 resident, voter, property owner, and user opinion studies for public agencies throughout the western United States. Since 2004, Godbe Research has conducted (or is in the process of conducting) voter research studies to gauge the feasibility of taxes or assessments (including utility users taxes, sales taxes, and business license taxes) for the cities of Albany, Alhambra, Atascadero, Azusa, Banning, Big Bear Lake, Burbank, Campbell, Chula Vista, Covina, Cupertino, Davis, El Cerrito, Encinitas, Folsom, Fontana, Fullerton, Gardena, Gilroy, Glendale, Hayward, Highland, Los Altos Hills, Manhattan Beach, Menlo Park, Martinez, Murrieta, Newark, Novato, Oakley, Palmdale, Palm Springs, Pasadena, Patterson, Petaluma, Rialto, Riverside, Rocklin, Salinas, San Anselmo, San Bruno, San Rafael, Santa Paula, South Lake Tahoe, South Pasadena, Sunnyvale, Temecula, West Sacramento, Whittier, Winters, Vista, Yucaipa, and many others. This includes split sample designs to evaluate concurrent or successive tax and bond measures for fifteen of the aforementioned clients. This also includes clients considering general and specific taxes in general, special, and all mail ballot election cycles.

The research that Godbe Research performs represents a vital tool for improving the success rate of taxes and bond. Through survey research, Godbe Research can determine or confirm the appropriate funding mechanism, assess baseline and informed support for a measure or measures, ascertain if multiple measures can be placed on the same ballot or successive ballots, determine and rank the specific projects that voters are most interested in funding, identify the arguments and features of a measure that increase support for the measure, inform the strategy of any public information campaign and the substantive content of the campaign, as well as determine the maximum tax threshold at which the necessary proportion of voters will support a revenue measure.

As an organization, Godbe Research is a small business (less than 20 employees) and we manage our commitments wisely. This means managing our project load so that the President or Directors of Research can be directly involved in each project we conduct.

Our Recommended Approach for a Revenue Measure Election

We have found that with careful research, thorough planning, and honest communication, we can prepare a measure up for success.

First, it is critical that the City has statistically reliable opinion research in order to understand the electorate's existing awareness, priorities and sensitivities. An opinion poll of likely voters, conducted by Godbe Research, will provide essential data to help us determine priority projects, tax type, tax rate, and other key elements of your revenue measure proposal. Polling will also be able determine what type(s) of measure(s) are most palatable to voters and if we are looking at concurrent measures or measures on successive ballots. Polling can also help us confirm the best timing for an election and key messages to be used in a public information campaign.

Following the completion of public opinion research TRAMUTOLA will provide a detailed set of recommendations for moving forward. TRAMUTOLA will then work with the City to craft the ballot measure. As part of this process, it will be critical to ensure that the 75-word ballot question and the subsequent Official Argument In Favor of the measure are written in a clear and compelling way. Every voter will read the ballot statement and most will read the arguments in favor and against.

Last, the City may provide factual information, presented in a fair and unbiased way, to voters. This information can be delivered in different ways and through various communication channels. TRAMUTOLA will work with you to develop a simple informational direct mail program to explain what the tax will fund, content (such as Frequently Asked Questions and Answers) to be posted on the City's website, articles for city publications, and talking points for city officials and staff.

Our role will be to provide strategic guidance to the City of Lafayette on an appropriate public information program and to design and execute the program so that it provides factual information to residents without crossing the line into advocacy.

Phase 1 – Feasibility Assessment of the City of Lafayette's Electoral Environment

First, we propose an assessment of the political and electoral environment as it relates to passing a revenue measure in Lafayette. Our priority tasks (deliverables) in this phase will include:

- Develop a demographic analysis City of Lafayette registered voters.
- Develop, implement and analyze a split sample poll of Lafayette voters.
    - 600 to 750 voters to look at a UUT and sales tax together as well as independently
    - 200 to 250 voters per sub-sample

- Identify support levels for a revenue measure
- Prepare a prioritized project list that local voters would support as part of the City's plan
- Provide analysis and recommendations for placing a measure on a future ballot including:
  - Optimal election dates – ballots that give the City the best chance of electoral success (with primary consideration for the City's preference of November 2008)
  - Taxing mechanism and tax rate that will fund the City's project goals and be likely to gain necessary voter support
  - The features of a measure that will maximize support (project priorities, etc.)
- Provide a Strategic Plan including the specific recommendations listed above, a detailed public information strategy, and a budget and timeline for Phase II – ***the Pre-Electoral Strategic Planning and Public Information phase.***

Phase II - Pre-Electoral Strategic Planning And Public Information

During the *Planning and Public Information* phase, our goal is to provide overall strategy, guidance and support as we work with you to finalize the details and key components of the City's plan and prepare you to become "*election ready*". We will help you develop a plan that addresses Lafayette's critical needs but also gains the necessary support from local voters that your measure will need in order to win. At the same time, we will provide strategic counsel and overall direction as we work with you to inform and educate the community on the City's needs and its plan to address them.

Specific objectives during this phase will include:

- Finalizing the appropriate taxing mechanism and tax rate;
- Preparing the official 75-word Ballot Statement and Argument;
- Reviewing resolutions prepared by legal counsel;
- Implementation of the City-funded public information program to inform and educate voters
- Work with City staff to coordinate city communication efforts to ensure a *unified message* is delivered to voters

There are no frills in this planning process. Tax measures rarely pass without these steps having been carefully and completely followed leading up to a campaign. We customize this process for each and every community with which we work. This planning phase ends with the formal action of placing a measure on the ballot and the writing of the official argument in favor of the measure.

TRAMUTOLA Fees

TRAMUTOLA proposed fees:

Phase 1 Feasibility Assessment	$15,000 Fee plus approved expenses*
Phase II Pre-Electoral Strategic Planning and Public Information	$22,500 Fee plus approved expenses*

TRAMUTOLA contracts for fees on a fixed fee basis. Other expenses you should plan on for this project include (but may not be limited to): demographic data services; opinion research/polling services; and public information expenses, including direct mail expenses. We will work with you to create a realistic project budget. The budget we create will be developed collaboratively *with* you in order to address your unique needs and requirements.

**TRAMUTOLA expenses are managed for maximum control and typically include mileage, long distance calls, FedEx deliveries, etc. For a project of this nature we only anticipate minimal business expenses.*

Godbe Research Polling Fees

Phase 1 Feasibility Assessment - Polling Services

15-Minute Survey of 600 Lafayette Voters (3 split samples of 200 voters), or	$28,675 - all inclusive
15-Minute Survey of 750 Lafayette Voters (3 split sample of 250 voters)	$33,475 - all inclusive

Next Steps

Obviously time is of the essence. We are excited at the prospect of working with you on this important measure and look forward to getting started as quickly as possible. In the meantime, if you have any questions or need clarification on any aspect of our proposal, please don't hesitate to contact Charles at (510) 658-7003 or via e-mail at charlesh@tramutola.com.

Sincerely,

Larry Tramutola
President/CEO

Charles Heath
Vice President/Senior Consultant